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Korea, Republic of

Grain and Feed

Rice PS&D Update

2003

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Report Highlights:

The 2003 Korean rice production estimate is reduced to 4.45 MMT, the smallest since 1980. Adoption of a "price ceiling" mechanism for imports delayed Korea's purchases of foreign rice to fulfill the WTO minimum market access quota for 2003.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Seoul [KS1]
[KS]

Post revised the estimate of South Korea's MY 2003/04 rice production downward to 4.45 million metric tons (MMT) from the previous 4.5 MMT based on updated Ministry of Agriculture and Forestry (MAF) statistics.

MAF finalized its 2003 rice crop estimate on November 15, 2003 at 4.45 MMT based on an across-the-nation survey of 9,000 rice producers. According to MAF, favorable weather since the middle of September was offset by crop damage caused by insects (*Cnaphalocrocis medinalis* Guenee) and blast damage to late harvest varieties. The average yield is estimated at 4.38 MT per hectare (HA), the lowest yield since 1993. MY 2003 ending stocks were reduced to 568,000 MMT.

Surging world rice prices in 2003 prompted Korea to implement a "price ceiling" mechanism for rice import tenders. Under the "price ceiling" system, the Agricultural & Fisheries Marketing Corporation (AFMC), one of the state trading enterprises for purchasing rice, set internal price ceilings and turned down bidders that offered prices higher than the AFMC's internal target price. As a result, completion of several tenders and subsequent deliveries of rice to fulfill Korea's minimum market access (MMA) quota for rice were delayed. After acknowledging that MMA rice imports would be delayed, Korean officials confirmed that the full amount required under the MMA quota obligations (199,528 on a brown rice basis) will be imported. However, because of delays caused by Korea's use of the price ceiling mechanism, deliveries of 40,000 MT of U.S. #1 medium grain brown rice and 20,000 MT of #1 Chinese short grain brown rice imported to fulfill the 2003 MMA quota will likely occur in January and February 2004. Calendar year import estimates for 2003 and 2004 have been adjusted accordingly.

South Korea shipped 294,500 MT of local rice to North Korea from July to October 2003 under the 400,000 MT rice aid package as detailed below. MY 2003/04 exports were adjusted accordingly.

According to the Ministry of Unification, South Korea has shipped 372,900 MT of local rice to North Korea from July 3 through the end of November under the 400,000 MT rice aid package for 2003. An additional 27,100 MT are expected to be shipped in December to complete deliveries under the package. See table below for details on monthly rice exports.

PSD Table

Country Commodity	Korea, Republic of						UOM
	Rice, Milled						
	(1000 HA)			(1000 MT)			
	2001	Revised	2002	Estimate	2003	Forecast	
USDA Official [1		Estimate [1	USDA Official [1	Estimate [1	USDA Official [1	Estimate [New]	
Market Year Begin	11/2001		11/2002		11/2003		MM/YYYY
Area Harvested	1083	1083	1053	1053	1016	1016	(1000 HA)
Beginning Stocks	1739	1281	1683	1681	1073	1098	(1000 MT)
Milled Production	5515	5515	4927	4927	4500	4451	(1000 MT)
Rough Production	7407	7407	6687	6650	6098	6015	(1000 MT)
MILLING RATE (.9999)	7446	7446	7368	7409	7380	7400	(1000 MT)
TOTAL Imports	115	117	133	154	160	180	(1000 MT)
Jan-Dec Imports	148	136	180	177	205	260	(1000 MT)
Jan-Dec Import U.S.	65	50	0	15	0	100	(1000 MT)
TOTAL SUPPLY	7369	6913	6743	6762	5733	5729	(1000 MT)
TOTAL Exports	126	126	574	568	100	106	(1000 MT)
Jan-Dec Exports	358	358	442	442	100	0	(1000 MT)
TOTAL Dom. Consumption	5560	5106	5096	5096	5016	5016	(1000 MT)
Ending Stocks	1683	1681	1073	1098	617	607	(1000 MT)
TOTAL DISTRIBUTION	7369	6913	6743	6762	5733	5729	(1000 MT)

Rice Area, Yield and Production				
CROP		AREA	YIELD	PRODUCTION
YEAR		(1000HA)	(KG/HA)	MILLED
1991		1209	4454	5385
1992		1157	4608	5331
1993	a/	1136	4181	4750
1994		1103	4587	5060
1995	b/	1056	4445	4694
1996		1050	5070	5323
1997		1052	5180	5449
1998		1059	4813	5097
1999		1066	4937	5263
2000		1072	4936	5291
2001		1083	5092	5515
2002	c/	1053	4679	4927
2003	d/	1016	4381	4451

a/ Wet and unseasonably cool weather during the summer.

b/ Flood damage in August in the central regions and unfavorable weather throughout the peninsula during the latter part of the growing season.

c/ Heavy rains during the summer and the effects of typhoon Rusa (Aug. 31 – Sep.1)

d/ Cool and rainy days in growing season and the effects of typhoon Maemi (September 9 - 12)

Source: Ministry of Agriculture and Forestry

KOREA: Rice Aid to North Korea (Unit: MT)			
Month of Shipment	MY2001/02	MY 2002/03	MY 2003/04
November	0	108,800	78,400
December	0	122,800	27,100
January	0	42,200	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	76,534	0
August	0	80,231	0
September	24,100	64,935	0
October	102,100	72,800	0
Total	126,200	568,300	105,500

Source: Ministry of Unification